

**WSSB RADIO STATION
A DEPARTMENT OF
SOUTH CAROLINA STATE UNIVERSITY**

Financial Statements

Years Ended June 30, 2012 and 2011

WSSB RADIO STATION
A DEPARTMENT OF SOUTH CAROLINA STATE UNIVERSITY
FOR THE YEARS ENDED JUNE 30, 2012 AND 2011

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Independent Auditor's Report

Members of the Board of Trustees
WSSB Radio Station, a Department of South Carolina State University
Orangeburg, South Carolina

We have audited the accompanying statements of net assets of WSSB Radio Station, a department of South Carolina State University, (the "Station") as of and for the years ended June 30, 2012 and 2011, and the related statements of revenues, expenses, and changes in net assets and cash flows for the years then ended. These financial statements are the responsibility of the Station's management. Our responsibility is to express opinions on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinions.

As discussed in Note 1 to the basic financial statements, the accompanying financial statements of the Station are intended to present the financial position, changes in net assets, and cash flows of only that portion of South Carolina State University that is attributable to the transactions of the Station. They do not purport to and do not, present fairly the financial position of the South Carolina State University as of June 30, 2012 and 2011, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Station as of June 30, 2012 and 2011, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 8 to the financial statements, the Station determined that additional salary and fringe benefit expenses and related state appropriations revenue should have been recorded in the prior year. The additional revenue and expenses have been recorded and are reflected in the restated balances of state appropriations, salaries, and fringe benefits on the statement of revenues, expenses and changes in net assets for the year ended June 30, 2011.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Cherry, Bekaert & Holland, L.L.P.

Charlotte, North Carolina
December 18, 2012

**WSSB RADIO STATION
A DEPARTMENT OF SOUTH CAROLINA STATE UNIVERSITY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED JUNE 30, 2012 AND 2011**

Introduction

We are pleased to submit the annual financial statements for WSSB Radio Station (WSSB), a department of South Carolina State University, for the fiscal years ended June 30, 2012 and 2011. The following discussion and analysis has been prepared by the management of South Carolina State University (the University) to provide an overview of the financial activities of WSSB for the fiscal years then ended. Please read it in conjunction with the financial statements and the accompanying notes to the financial statements. The financial presentation for WSSB has been prepared to meet the requirements of Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, and GASB Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities*. Management's Discussion and Analysis addresses the activity of WSSB. Information presented in the financial statements is designed to aid a wide variety of readers in assessing the effectiveness of WSSB's management in using its resources to meet its primary public service mission to provide a picture of WSSB's financial activities and soundness.

Using this Annual Report

This annual report consists of a series of financial statements as follows: the Statements of Net Assets, the Statements of Revenues, Expenses, and Changes in Net Assets, and the Statements of Cash Flows. These financial statements emphasize the financial condition of WSSB, the results of operations, and the cash flows (sources and uses of funds) of WSSB as a whole. As a result of the implementation of GASB Statement 34, public colleges and universities of South Carolina elected to report as business type activities (BTAs). Therefore, these statements are intended to provide a view of WSSB's financial position similar to that presented by most private sector companies. The financial statements are presented using the accrual basis of accounting. The accrual basis of accounting takes into consideration all of WSSB's revenue and expenses regardless of when cash is received or payments are made. Significant revenues of WSSB such as state appropriation and gifts are considered non-operating.

Statements of Net Assets

The Statement of Net Assets presents the assets, liabilities, and net assets of WSSB as of the end of the fiscal year. This statement is a point-in-time financial statement that provides the reader with a fiscal snapshot of WSSB Radio Station. The Statement of Net Assets consists of current assets, noncurrent assets, current liabilities, and net assets (assets minus liabilities). Current assets consist entirely of cash and receivables. Noncurrent assets consist of property and equipment, depreciated over estimated useful lives as determined by management. The current portion of the assets will be converted to cash within one year to be used to pay for the current portion of the liabilities. Current liabilities consist principally of accounts payables and deferred grant revenues. These liabilities will be settled within one year. Net assets represent amounts invested in capital assets net of any related debt and accumulated earnings available for the future operations.

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**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED JUNE 30, 2012 AND 2011**

Statements of Net Assets (continued)

The "Condensed Statements of Net Assets" as shown below, presents a comparison of assets, liabilities, and net assets as of June 30, 2012, 2011 and 2010:

Condensed Statements of Net Assets

	<u>2012</u>	<u>2011</u>	<u>2010</u>
Assets:			
Current Assets	\$ 164,245	\$ 116,340	\$ 63,133
Capital Assets, Net	86,568	106,465	118,141
Total Assets	<u><u>\$ 250,813</u></u>	<u><u>\$ 222,805</u></u>	<u><u>\$ 181,274</u></u>
Liabilities:			
Current Liabilities	159,803	103,484	60,912
Total Liabilities	<u><u>159,803</u></u>	<u><u>103,484</u></u>	<u><u>60,912</u></u>
Net Assets:			
Invested in Capital Assets, Net of Related Debt	86,568	106,465	118,141
Unrestricted	4,442	12,856	2,221
Total Net Assets	<u><u>\$ 91,010</u></u>	<u><u>\$ 119,321</u></u>	<u><u>\$ 120,362</u></u>

The increase in current assets from fiscal years 2011 to 2012 by \$47,905 (41%) is mainly attributable to the increase in cash by \$57,540, travel advance of \$1,000 and full collection of previous year's receivables of \$10,635. The increase in current assets from fiscal year 2010 to 2011 by \$42,572 (67%) is attributable to the increase in cash by \$49,487 and full collection of previous year's receivables of \$6,915. The decrease in capital assets from fiscal year 2011 to 2012 of \$19,897 is attributable to current year depreciation expense of \$19,897. Current liabilities increased from fiscal year 2011 to 2012 by \$56,319 (54%) due to an increase in deferred revenues of \$69,689 and decrease in accounts payable of \$13,370. Furthermore, the increase in current liabilities from fiscal year 2010 to 2011 is attributable to an increase in accounts payable by \$8,427 and increase in deferred revenues of \$34,145. The decrease of \$28,311 in net assets from fiscal year 2011 to 2012 is attributed to payment of salaries not covered by grants in the amount of \$10,635, depreciation expense of \$19,897 in the current year and net operating revenue of \$2,221 generated by SCSU Foundation. Furthermore, the decrease in net assets from fiscal year 2010 to 2011 of \$11,676 is attributed solely to the capital asset activity which included capital additions of \$7,377 and depreciation expense of \$19,053 in the current year.

WSSB RADIO STATION
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MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED JUNE 30, 2012 AND 2011

Statements of Revenues, Expenses, and Changes in Net Assets

Generally speaking, operating revenues are earned or received for providing goods and services to the various customers and constituencies of WSSB. Operating expenses are those expenses paid or incurred to acquire or produce the goods and services provided. Operating revenues and expenses are a result of carrying out the mission of WSSB. Non-operating revenues are those revenues received for which there is not a reciprocal agreement – no goods and services are provided.

The “Condensed Statement of Revenues, Expenses, and Changes in Net Assets” as shown below, presents a comparison of revenues, both operating and non-operating, operating expenses and changes in net assets as of June 30, 2012, 2011 and 2010:

Condensed Statements of Revenues, Expenses and Changes in Net Assets

	<u>2012</u>	<u>2011</u>	<u>2010</u>
Operating Revenues			
Grants and contracts	\$ 70,534	\$ 89,999	\$ 66,798
Membership dues	16,072	16,668	-
	<u>86,606</u>	<u>106,667</u>	<u>66,798</u>
Operating Expenses			
Salaries and wages and related fringe benefits	127,882	140,925	80,829
Services, supplies, and others	72,598	91,475	59,739
Depreciation	19,897	19,052	18,975
Total Operating Expenses	<u>220,377</u>	<u>251,452</u>	<u>159,543</u>
Loss from Operations	<u>(133,771)</u>	<u>(144,785)</u>	<u>(92,745)</u>
Non-Operating Revenues			
Federal grants	55,689	63,125	54,323
State appropriations	49,771	80,619	19,447
Total Non-Operating Revenues	<u>105,460</u>	<u>143,744</u>	<u>73,770</u>
Decrease in Net Assets	<u>(28,311)</u>	<u>(1,041)</u>	<u>(18,975)</u>
Net Assets at Beginning of year	<u>119,321</u>	<u>120,362</u>	<u>139,337</u>
Net Assets at End of Year	<u>\$ 91,010</u>	<u>\$ 119,321</u>	<u>\$ 120,362</u>

Operating revenues mainly come from grants and contracts and membership dues. The decrease in grant revenues from fiscal years 2011 to 2012 by \$19,465 (22%) is primarily due to a decrease in reimbursable grant expenditures. Furthermore, the increase in grant revenues from fiscal year 2010 to 2011 by \$23,201 (35%) is primarily due to an increase in reimbursable grant expenditures.

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MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED JUNE 30, 2012 AND 2011

Statements of Revenues, Expenses, and Changes in Net Assets (continued)

Operating expenses decreased in fiscal year 2012 by \$31,075 (12%) due to a decrease in salaries and professional fees. Operating expenses increased from fiscal year 2010 to 2011 by \$91,909 (58%) mainly due to the accrual of auditing fees for FY2011, an increase in salaries and related fringe benefits of \$60,096 and increased contracted services.

Statements of Cash Flows

The "Condensed Statements of Cash Flows" as shown below, shows the sources and uses of cash for fiscal years ended June 30, 2012, 2011 and 2010:

Condensed Statements of Cash Flows

	<u>2012</u>	<u>2011</u>	<u>2010</u>
Cash used by operating activities	\$ (47,920)	\$ (91,575)	\$ (82,144)
Cash provided by non-capital financing activities	105,460	148,438	69,076
Cash used by capital related financing activities	<u>-</u>	<u>(7,376)</u>	<u>-</u>
Net change in cash	<u>57,540</u>	<u>49,487</u>	<u>(13,068)</u>
Cash and cash equivalents - Beginning of the Year	<u>105,705</u>	<u>56,218</u>	<u>69,286</u>
Cash and Cash Equivalents - End of the Year	<u>\$ 163,245</u>	<u>\$ 105,705</u>	<u>\$ 56,218</u>

Capital Assets

WSSB's investment in capital assets consists of furniture and fixtures with a carrying value of \$86,568, \$106,465 and \$118,141 as of June 30, 2012, 2011 and 2010 respectively. All other capital assets used by WSSB are the property of South Carolina State University. There were no major additions to capital assets during the year ended June 30, 2012. During the year ended June 30, 2011, WSSB had major additions to capital assets totaling \$7,376. There were no major additions to capital assets during the year ended June 30, 2010.

Economic Outlook

There are no known conditions that will significantly affect the economic outlook for WSSB.

Requests for Information

This financial report is designed to provide a general overview of WSSB's finances and to demonstrate the station's accountability for the funds it receives. Any questions regarding this report or requests for information may be addressed to the Assistant Vice President of Finance, Eric Eaton, CPA, CMA; 300 College Street, N.E. PO Box 7007; Orangeburg, South Carolina 29117-0001.

WSSB RADIO STATION
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STATEMENTS OF NET ASSETS
JUNE 30, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
Assets		
Current Assets		
Cash and cash equivalents	\$ 163,245	105,705
Advances to employees	1,000	-
Due from SC State Foundation	-	10,635
Total current assets	<u>164,245</u>	<u>116,340</u>
Capital assets, net of accumulated depreciation	<u>86,568</u>	<u>106,465</u>
Total Assets	<u><u>\$ 250,813</u></u>	<u><u>\$ 222,805</u></u>
Liabilities		
Current Liabilities		
Accounts payable and accrued expenses	-	13,370
Deferred revenue	159,803	90,114
Total current liabilities	<u>159,803</u>	<u>103,484</u>
Net Assets		
Invested in capital assets, net of related debt	86,568	106,465
Unrestricted	<u>4,442</u>	<u>12,856</u>
Total Net Assets	<u><u>\$ 91,010</u></u>	<u><u>\$ 119,321</u></u>

See Notes to Financial Statements

WSSB RADIO STATION
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STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
Operating Revenues:		
Non-governmental grants and contracts	\$ 70,534	\$ 89,999
Membership dues	16,072	16,668
Total operating revenues	<u>86,606</u>	<u>106,667</u>
Operating Expenses:		
Salaries	101,354	112,920
Fringe benefits	26,528	28,005
Services and supplies	72,598	91,475
Depreciation	19,897	19,052
Total operating expenses	<u>220,377</u>	<u>251,452</u>
Loss from Operations	<u>(133,771)</u>	<u>(144,785)</u>
Non-operating Revenues:		
Federal grant	55,689	63,125
State appropriation	49,771	80,619
Total non-operating revenues	<u>105,460</u>	<u>143,744</u>
Decrease in net assets	(28,311)	(1,041)
Net Assets - Beginning of Year	<u>119,321</u>	<u>120,362</u>
Net Assets - End of Year	<u><u>\$ 91,010</u></u>	<u><u>\$ 119,321</u></u>

See Notes to Financial Statements

WSSB RADIO STATION
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STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
Cash Flow From Operating Activities:		
Received from private grants and contracts	\$ 140,223	\$ 140,813
Received from individual donors	16,072	-
Received from SC State Foundation	10,635	-
Payments to employees for services	(127,882)	(140,925)
Payments to employees for travel advance	(1,000)	-
Payments to suppliers	(85,968)	(83,048)
Other payments	-	(8,415)
Net cash used by operating activities	<u>(47,920)</u>	<u>(91,575)</u>
Cash Flows From Non-Capital Financing Activities:		
Federal grant	55,689	67,819
State grant	49,771	80,619
Net cash provided by non-capital financing activities	<u>105,460</u>	<u>148,438</u>
Cash Flows from Capital and Related Financing Activities:		
Purchases of capital assets	-	(7,376)
Net cash used by capital and related financing activities	<u>-</u>	<u>(7,376)</u>
Net change in cash	57,540	49,487
Cash and cash equivalents - Beginning of the Year	<u>105,705</u>	<u>56,218</u>
Cash and Cash Equivalents - End of the Year	<u><u>\$ 163,245</u></u>	<u><u>\$ 105,705</u></u>

See Notes to Financial Statements

**WSSB RADIO STATION
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**STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE YEARS ENDED JUNE 30, 2012 AND 2011**

	<u>2012</u>	<u>2011</u>
Reconciliation of Net Operating Loss to Net Cash Used By Operating Activities:		
Operating loss	\$ (133,771)	\$(144,785)
Adjustments to reconcile net operating loss to net cash used by operating activities:		
Depreciation expense	19,897	19,052
Changes in assets and liabilities:		
Due from SC State Foundation	10,635	(8,414)
Advances to employees	(1,000)	-
Accounts payable and accrued expenses	(13,370)	8,428
Deferred revenue	69,689	34,145
Net Cash Used by Operating Activities	<u>(47,920)</u>	<u>(91,574)</u>
Reconciliation of Cash and Cash Equivalent Balances:		
Current Assets:		
Cash and cash equivalents	163,245	105,705
Total Cash and Cash Equivalents	<u>\$ 163,245</u>	<u>\$ 105,705</u>

See Notes to Financial Statements

**WSSB RADIO STATION
A DEPARTMENT OF SOUTH CAROLINA STATE UNIVERSITY**

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2012 AND 2011**

Note 1 - Summary of Significant Accounting Policies

Nature of Operations

WSSB Radio Station is a department of South Carolina State University, which operates a noncommercial public radio station in Orangeburg, South Carolina.

Reporting Entity

The financial reporting entity, as defined by Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, consists of the primary government and its component units. Component units are legally separate organizations from which the primary government is financially accountable, and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion could cause the financial statements to be misleading or incomplete. GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, was issued in May 2002, and provides additional guidance concerning the inclusion of related party financial information as a part of the reporting entity. The accompanying financial statements present only the portion of South Carolina State University's funds that is attributable to the transactions of WSSB.

Basis of Accounting

For financial reporting purposes, WSSB is considered a special-purpose government entity engaged only in business-type activities. Accordingly, WSSB's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned and expenses are recorded when an obligation has been incurred.

Operating revenues, such as non-governmental grants, contracts, and membership dues result from exchange transactions associated with the principle activity of the station. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as federal and State appropriations result from non-exchange transactions.

Use of Estimates

The preparation of financial statements in conformity with United States generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, and expenditures and affect disclosure of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the financial statements, WSSB considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. Funds invested through the State of South Carolina State Treasurer's Office are considered cash equivalents.

**WSSB RADIO STATION
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**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2012 AND 2011**

Note 1 - Summary of Significant Accounting Policies (continued)

Receivables

Accounts receivable consists of amounts due from the Federal government and private sources, in connection with reimbursement of allowable expenditures made pursuant to the WSSB's grants and contracts and for reimbursements of other expenses. Accounts receivable are recorded net of estimated uncollectible amounts.

Capital Assets

Capital assets are recorded at cost at the date of acquisition or at fair market value at the date of donation in the case of gifts. WSSB follows capitalization guidelines established by the State of South Carolina. All land is capitalized, regardless of cost. Qualifying improvements that rest in or on the land itself are recorded as depreciable land improvements. Major additions and renovations and other improvements that add to the usable space, prepare existing buildings for new uses, or extend the useful life of an existing building are capitalized. WSSB capitalizes movable personal property with a unit value in excess of \$5,000 and a useful life in excess of two years. Furniture and fixtures are depreciated over an estimated useful life of 8 years.

Deferred Revenues

Deferred revenues include amounts received from grant and contract sponsors that have not yet been earned.

Credit Risk

Custodial credit risk for deposits is the risk, that in the event of a bank failure, WSSB's deposits may not be returned to it. For deposits held by the State Treasurer, State law requires full collateralization of all State Treasurer bank balances. The State Treasurer must correct any deficiencies in collateral within seven days. Information pertaining to the reported amounts, fair values, and credit risk of the State Treasurer's deposits is disclosed in the Comprehensive Annual Financial Report of the State of South Carolina.

With respect to investments in the State's internal cash management pool, all of the State Treasurer's investments are insured or registered or are investments for which the securities are held by the State or its agents in the State's name. Information pertaining to the reported amounts, fair values, and credit risk of the State Treasurer's investments is disclosed in the Comprehensive Annual Financial Report of the State of South Carolina.

WSSB RADIO STATION
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NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2012 AND 2011

Note 1 - Summary of Significant Accounting Policies (continued)

New Pronouncements

The GASB has issued the following statement that may have a future impact on the Station:

Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, is effective for periods beginning after December 15, 2011. The objective of this Statement is to provide financial reporting guidance for deferred outflows of resources and deferred inflows of resources. The requirements of this Statement will improve financial reporting by standardizing the presentation of deferred outflows of resources and deferred inflows of resources and their effects on a government's net position. It alleviates uncertainty about reporting those financial statement elements by providing guidance where none previously existed. Management is currently evaluating the impact this statement will have on the Station's financial statements.

Reclassifications

Certain reclassifications have been made to the prior year totals in order to comply with the current year financial statement presentation. These reclassifications had no effect on total net assets.

Note 2 – Deposits

All deposits of WSSB are under the control of the State Treasurer, who by law has sole authority of investing State funds. WSSB's deposits with the State Treasurer totaled \$163,245 and \$105,705 as of June 30, 2012 and 2011, respectively.

Note 3 - Capital Assets

Capital asset activity for the years ended June 30, 2012 and 2011 was as follows:

	Year Ended June 30, 2012		
	Beginning Balance	Increases	Ending Balance
Furniture and fixtures	\$ 159,177	\$ -	\$ 159,177
Accumulated depreciation	(52,712)	(19,897)	(72,609)
Net capital assets	<u>\$ 106,465</u>	<u>\$ (19,897)</u>	<u>\$ 86,568</u>

WSSB RADIO STATION
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NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2012 AND 2011

Note 3 - Capital Assets (continued)

	Year Ended June 30, 2011			
	Beginning Balance	Increases	Decreases	Ending Balance
Furniture and fixtures	\$ 151,801	\$ 7,376	\$ -	\$ 159,177
Accumulated depreciation	<u>(33,660)</u>	<u>(19,052)</u>	<u>-</u>	<u>(52,712)</u>
Net capital assets	\$ 118,141	\$ (11,676)	\$ -	\$ 106,465

Note 4 – Net Assets

WSSB's net assets are classified as follows:

Invested in capital assets, net of related debt: Invested in capital assets, net of related debt, represents WSSB's total investment in capital assets, net of outstanding debt obligations related to those capital assets. To the extent debt has been incurred, but not yet expended for capital assets, such amounts are not included as a component of invested in capital assets, net of related debt.

Unrestricted net assets: Unrestricted net assets represent resources derived from the operations of the Station. These resources may be used at the discretion of the governing board to meet current expenses. General practice is to first apply the expense to restricted resources then to unrestricted resources.

Note 5 - Pension Plan

The Retirement Division of the State Budget and Control Board maintains four independent defined benefit plans and issues its own publicly available Comprehensive Annual Financial Report (CAFR), which includes financial statements and required supplementary information. A copy of the separately issued CAFR may be obtained by writing to the Retirement Division, 202 Arbor Lake Drive, Columbia, South Carolina 29223. Furthermore, the Division and the four pension plans are included in the CAFR of the State of South Carolina.

Article X, Section 16, of the South Carolina Constitution requires that all State-operated retirement systems be funded on a sound actuarial basis. Title 9 of the South Carolina Code of Laws of 1976, as amended, prescribes requirements relating to membership, benefits, and employee/employer contributions for each pension plan. Employee and employer contribution rates for the South Carolina Retirement System and the Police Officers Retirement System are actuarially determined. Annual benefits, payable monthly for life, are based on length of service and on average final compensation.

**WSSB RADIO STATION
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**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2012 AND 2011**

Note 5 - Pension Plan (continued)

The majority of employees of the University are covered by a retirement plan through the South Carolina Retirement System (SCRS), a cost-sharing multiple-employer defined benefit pension plan administered by the Retirement Division, a public employee retirement system. Generally all State employees are required to participate in and contribute to the SCRS as a condition of employment unless exempted by law as provided in Section 9-1-480 of the South Carolina Code of Laws. This plan provides retirement annuity benefits as well as disability, cost of living adjustment, death, and group-life insurance benefits to eligible employees and retirees.

Since July 1, 2006, employees participating in the SCRS have been required to contribute 6.5 percent of all compensation. Effective July 1, 2011, the employer contribution rate is 13.685 percent which included a 4.30 percent surcharge to fund retiree health and dental insurance coverage.

Certain State employees may elect to participate in the Optional Retirement Program (ORP), a defined contribution plan. The ORP was established in 1987 under Title 9, Chapter 17, of the South Carolina Code of Laws. The ORP provides retirement and death benefits through the purchase of individual fixed or variable annuity contracts which are issued to, and become the property of, the participants. The State assumes no liability for this plan other than for payment of contributions to designated insurance companies.

ORP participation is limited to faculty and administrative staff of the State's higher education institutions who meet all eligibility requirements for membership in the SCRS. To elect participation in the ORP, eligible employees must irrevocably waive SCRS membership within their first ninety days of employment.

Under State law, contributions to the ORP are required at the same rates as for the SCRS, 9.385 percent plus the retiree surcharge of 4.30 percent from the employer in fiscal year 2012.

Several optional deferred compensation plans are available to State employees and employers of its political subdivisions. Certain employees of the University have elected to participate. The multiple-employer plans, created under Internal Revenue Code Sections 457, 401(k), and 403(b), are administered by third parties and are not included in the Comprehensive Annual Financial Report of the State of South Carolina. Compensation deferred under the plans is placed in trust for the contributing employee. The State has no liability for losses under the plans.

Employees may withdraw the current value of their contributions when they terminate State employment. Employees may also withdraw contributions prior to termination if they meet requirements specified by the applicable plan.

WSSB RADIO STATION
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NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2012 AND 2011

Note 5 - Pension Plan (continued)

In accordance with the South Carolina Code of Laws and the annual Appropriation Act, the State of South Carolina provides certain health care, dental, and life insurance benefits to certain active and retired State employees and certain surviving dependents of retirees. All permanent full-time and certain permanent part-time employees of the University are eligible to receive these benefits. The State provides post-employment health and dental benefits to employees who retire from State service or who terminated with at least 20 years of State service meeting one or more of the eligibility requirements, such as age, length of service, and hire date. Generally those who retire must have at least 10 years of retirement service credit to qualify for these State-funded benefits. Benefits are effective at date of retirement when the employee is eligible for retirement benefits.

Note 6 – Related Parties

Certain separately chartered legal entities, whose activities are related to those of the University, exist primarily to provide financial assistance and other support to the University and its educational program. They include the South Carolina State University Foundation, Inc. (“Foundation”), South Carolina State University Advancement Foundation (“Advancement Foundation”) and South Carolina State University Real Estate Foundation (“Real Estate Foundation”).

The following table summarizes accounts and transactions that are held or processed on behalf of WSSB by the Foundation as of and for the years ended June 30:

	<u>2012</u>	<u>2011</u>
Statement of Net Assets:		
Cash	\$ 1,221	\$ -
Advances to employees	1,000	-
Due from Foundation	-	10,635
Statements of Revenues, Expenses and Changes in Net Assets:		
Membership dues	\$ 16,072	\$ 16,668
Expenses	13,851	6,033

Note 7 – Risk Management

The University, including WSSB, is exposed to various risks of loss and maintains State or commercial insurance coverage for each of those risks. Management believes such coverage is sufficient to preclude any significant uninsured losses for the covered risks. Settlement claims have not exceeded this coverage in any of the past three years.

WSSB RADIO STATION
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NOTES TO FINANCIAL STATEMENTS
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Note 7 – Risk Management (continued)

The State of South Carolina believes it is more economical to manage certain risks internally and set aside assets for claim settlement. Several state funds accumulate assets and the State itself assumes substantially all the risk for the following claims of covered employees: Unemployment compensation benefits; Worker's compensation benefits for job-related illnesses or injuries; Health and dental insurance benefit; Long-term disability and group-life insurance benefits. Employees can elect health insurance coverage through either a health maintenance organization or through the State's self-insured plan.

The University and other entities pay premiums to the state's Insurance Reserve Fund (IRF), which issues policies, accumulates assets to cover the risk of loss, and pays claims incurred for covered losses relating to the following activities: Theft, damage to, or destruction of assets; Real property, its contents, and other equipment; Motor vehicles and watercraft; Torts; Business interruptions; Natural disaster; and Medical malpractice claims against covered employees. The IRF is a self-insurer and purchases reinsurance to obtain certain services and to limit losses in certain areas. The IRF's rates are determined actuarially.

The University obtains coverage through a commercial insurer for employee fidelity bond insurance for all employees for losses arising from theft or misappropriation and for health insurance for its student-athletes.

Note 8 – Prior Period Adjustment

The salary, fringe benefits, and related State appropriations for WSSB's manager were not included as revenue and expenses in the Statements of Revenues, Expenses, and Changes in Net Assets for the year ended June 30, 2011. Salaries, fringe benefit expenses and State appropriations were increased by \$45,173, \$13,662, and \$58,835, respectively. This reclassification had no effect on total net assets as of June 30, 2011.

Note 9 – Subsequent Events

WSSB has evaluated subsequent events through December 18, 2012, which is the date the financial statements were available to be issued.